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LISTING STATEMENT NO. 2338.

LISTED JANUARY 29, 1969.

3,500,000 Shares with a par value of 20 cents each, of which 300,000 shares are subject to issuance.

Stock Symbol "ISM".

Post Section 9.3.

Dial Quotation No. 1305.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED

Incorporated under the Laws of the Province of Ontario
by Letters Patent dated April 9, 1953

CAPITALIZATION AS AT JANUARY 22, 1969

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Shares with a par value of 20¢ each	5,000,000	3,200,000	3,500,000
FUNDED DEBT			
5% unsecured convertible debentures due March 15, 1972	\$1,000,000	\$300,000	Nil

1. APPLICATION

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED (hereinafter called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 3,500,000 shares with a par value of 20¢ each (hereinafter called "shares") of the Company, of which 3,200,000 of the said shares have been issued and are outstanding as fully paid and non-assessable. The remaining 300,000 shares of the Company included in this application have been reserved for issue upon conversion of the outstanding \$300,000 principal amount of 5% unsecured convertible debentures due March 15, 1972 of the Company.

2. HISTORY AND NATURE OF BUSINESS

The Company was incorporated in 1953 under the laws of the Province of Ontario under the name Dunn Bros. (Canada) Limited and from the date of its incorporation until 1962, the Company engaged in the business of stringing and installing pipe lines for the transportation of gas and oil. During the period from 1962 to February 29, 1968, the Company did not carry on any active business.

On February 29, 1968, the Company acquired beneficial ownership of all the issued and outstanding shares of FOF Management Company Limited (hereinafter called "FOF Management"), IIT Management Company, S.A. (hereinafter called "IIT Management") and Canadian Fund Management Company Limited (hereinafter called "Canadian Management"). On the same date, the Company acquired 650 common shares of The Fund of Funds, Limited. In addition, the Company acquired beneficial ownership of all the issued and outstanding shares of Fonditalia Management Company S.A. (hereinafter called "Fonditalia Management") on November 19, 1968. For details of the operations of the aforesaid subsidiary companies, see Item 8 dealing with Subsidiary Companies.

Pursuant to an agreement made as of February 28, 1968 between the Company and I.O.S., Ltd. (S.A.) ("I.O.S."), I.O.S. provides the office space, staff, equipment and services necessary to the proper and efficient management of the Company, FOF Management, IIT Management, Canadian Management and Fonditalia Management. Approximately 100 employees of I.O.S. are employed in providing such services. The Company has no employees of its own.

3.

INCORPORATION

The Company was incorporated under the laws of the Province of Ontario by letters patent dated April 9, 1953 with an authorized capital dividend into 40,000 shares without any nominal or par value. By supplementary letters patent dated February 28, 1968.

- (i) the name of the Company was changed to its present form,
- (ii) the principal objects of the Company were changed to management and investment objects,
- (iii) 10,000 issued shares of the Company were cancelled without repayment of capital and
- (iv) the authorized capital of the Company was increased by the creation of an additional 4,970,000 shares without par value ranking on a parity with the existing 30,000 shares of the Company.

By further supplementary letters patent dated April 30, 1968,

- (i) The 5,000,000 shares without par value of the Company were changed into 5,000,000 shares with a par value of 20¢ each, and
- (ii) the Company was authorized to issue share warrants, subject to the provisions contained in the said supplementary letters patent.

4.

SHARES ISSUED DURING PAST TEN YEARS

<u>Date of Issue</u>	<u>No. of Shares Issued</u>	<u>Amount Realized Per Share</u>	<u>Total Amount Realized</u>	<u>Purpose of Issue</u>
5/2/68	6	\$ 1.00	\$ 6.00	To qualify directors.
28/2/68	2,399,991	—	—	As part consideration for the acquisition of all the shares of FOF Management, IIT Management and Canadian Management.
27/5/68	600,000	\$12.50	\$7,500,000	To enable the Company to pay to I.O.S., Ltd. (S.A.) the sum of \$7,500,000, being the balance of the consideration for the acquisition of all the shares of FOF Management, IIT Management and Canadian Management.
19/11/68	200,000	—	—	As consideration for the acquisition of all the shares of Fonditalia Management.

5.

STOCK PROVISIONS

Each share of the Company entitles the holder thereof to one vote at all meetings of shareholders of the Company.

6.

DIVIDEND RECORD

During the period of ten years preceding February 29, 1968, no dividends were declared or paid on the shares of the Company. Since February 29, 1968, the following dividends have been paid on the shares of the Company:

<u>Payment Date</u>	<u>Dividend Per Share</u>
April 15, 1968	25¢
July 15, 1968	40¢
October 15, 1968	45¢
January 20, 1969	60¢

7.

PROPERTIES AND PLANT

Neither the Company nor any of its subsidiaries owns any properties or plant.

8.

SUBSIDIARY COMPANIES

FOF Management was incorporated under the laws of the United Kingdom by Memorandum and Articles of Association on December 29, 1967. The authorized capital of FOF Management is \$26,000 divided into 26,000 shares of \$1 each, all of which shares have been issued at par and are now beneficially owned by the Company. FOF Management supplies management and investment advisory services to The Fund of Funds, Limited, an open-end mutual fund more particularly described below.

IIT Management was incorporated under the laws of the Grand Duchy of Luxembourg by statute incorporated in a notarial act on December 5, 1960. The authorized capital of IIT Management consists of 5,000 shares with a par value of 1,000 Luxembourg Francs each, all of which shares have been issued at par and are now beneficially owned by the Company. IIT Management supplies management and investment advisory

services to IIT Fund, an open-end mutual fund organized as a unit investment trust under the laws of the Grand Duchy of Luxembourg.

Canadian Management was incorporated under the laws of the United Kingdom by Memorandum and Articles of Association on December 29, 1967. The authorized capital of Canadian Management is \$26,000 divided into 26,000 shares of \$1 each, all of which shares have been issued at par and are now beneficially owned by the Company. Canadian Management supplies management and investment advisory services to Regent Fund Ltd., an open-end mutual fund incorporated under the laws of Canada.

Fonditalia Management was incorporated under the laws of the Grand Duchy of Luxembourg by statute incorporated in a notarial act on August 11, 1967. The authorized capital of Fonditalia Management consists of 5,000 shares with a par value of 1,000 Luxembourg Francs each, all of which shares have been issued at par and are now beneficially owned by the Company. Fonditalia Management supplies management and investment advisory services to Fonditalia, an open-end mutual fund organized as a unit investment trust under the laws of the Grand Duchy of Luxembourg.

The Fund of Funds, Limited was incorporated under the laws of the Province of Ontario by letters patent dated August 9, 1962. At the close of business on November 29, 1968, the authorized capital of The Fund of Funds, Limited was \$50,200,000 (United States currency) consisting of 45,000,000 Class A non-voting preference shares with a par value of \$1 (United States currency) each and 5,200,000 common shares with a par value of \$1 each. At the close of business on November 29, 1968, 29,415,034 of the said Class A non-voting preference shares had been issued at a price in excess of par. At the date hereof, 1,000 of the said common shares had been issued at a price in excess of par, of which 650 (or 65%) of the said issued common shares are now beneficially owned by the Company. The Fund of Funds, Limited engages in the business of investing its assets in other mutual funds and in mutual fund management companies with a view to providing long-term growth of capital and a source of future income.

9. FUNDED DEBT

The Company's funded debt consists of \$300,000 principal amount of 5% unsecured convertible debentures maturing March 15, 1972. Interest at the rate of 5% per annum on the outstanding principal amount of the said debentures is payable half-yearly on the last days of June and December in each year. At any time after March 15, 1971, the Company is entitled at its option to redeem all or any of the outstanding debentures at the principal amount thereof together with accrued and unpaid interest on such principal amount to the date specified for redemption. The holder of a debenture is entitled to convert each \$1 principal amount of such debenture into one share of the Company at any time after March 15, 1969 on payment to the Company of \$12.50 for each \$1 principal amount of such debenture so converted.

10. OPTIONS, UNDERWRITINGS AND SALE AGREEMENTS

There are no outstanding options, underwritings, sale agreements or other contracts or agreements of a like nature with respect to any unissued shares of the Company or any shares of the Company held for the benefit of the Company.

11. LISTING ON OTHER STOCK EXCHANGES

The issued shares of the Company are listed for trading on the Amsterdam Bourse and the Luxembourg Bourse and have been admitted to unlisted trading privileges on the London Stock Exchange. The 5% unsecured convertible debentures of the Company are traded over-the-counter in Geneva, Switzerland.

12. FILINGS RESPECTING SECURITIES

Particulars of filings, registrations, approvals or qualifications with or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

(a) A prospectus relating to the issue of 600,000 shares of the Company was registered with the Registrar of Companies in England on May 21, 1968; and

(b) The Ontario Securities Commission issued its official receipt dated December 31, 1968 for a final prospectus dated December 27, 1968 relating to the offering of 40,000 shares of the Company.

13. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

14. ANNUAL MEETINGS

Supplementary letters patent issued to the Company provide that meetings of the shareholders of the Company may be held at any place in Ontario or at the City of Geneva, Switzerland. The by-laws of the Company provide that annual meetings of shareholders of the Company shall be held at such time in each year as the directors may decide. The last annual meeting of shareholders of the Company was held on June 25, 1965.

15. HEAD OFFICE AND OTHER OFFICES

The head office of the Company is located at 425 University Avenue, Toronto, Ontario and the Company's principal executive and administrative offices are located at 119 rue de Lausanne, Geneva, Switzerland.

16.

TRANSFER AGENTS

Montreal Trust Company, 15 King Street West, Toronto, Ontario is the transfer agent for the shares of the Company and The Royal Bank of Canada Trust Corporation Limited, Brewers' Hall, Aldermanbury Square, London, England is the branch transfer agent for the shares of the Company. Share certificates representing shares of the Company are mutually interchangeable.

17.

TRANSFER FEE

No fee is charged on transfers of shares of the Company other than government stock transfer taxes.

18.

REGISTRARS

Montreal Trust Company, 15 King Street West, Toronto, Ontario is the registrar for the shares of the Company and The Royal Bank of Canada Trust Corporation Limited, Brewers' Hall, Aldermanbury Square, London, England is the branch registrar for the shares of the Company.

19.

AUDITORS

The auditors of the Company are Arthur Andersen & Co., International Accountants and Auditors, Beatengasse 9, 8001, Zurich, Switzerland.

20.

OFFICERS AND DIRECTORS

The full name, address and occupation during the past five years of each officer and director of the Company are as follows:

<u>Directors and Officers</u>	<u>Home Address</u>	<u>Company Office Held</u>	<u>Principal Occupation(s) within the Five Preceding Years</u>
Christian Henry Buhl, III	Les Charmettes, Gland, Vaud, Switzerland	President and Director	President and Director, IIT Management Company, S.A.
Allan Franklin Conwill	481 Carlton Road, Wyckoff, New Jersey	Director	Partner in the law firm of Willkie Farr & Gallagher, New York City
Bernard Cornfeld	218 rue de Lausanne, Geneva, Switzerland	Chairman of the Board and Director	President, Director and Chief Executive Officer, I.O.S., Ltd. (S.A.)
Edward Joseph Coughlin, Jr.	4 place de l'Etrier, Chêne Bougeries, Geneva, Switzerland	Secretary and Director	Secretary and Associate General Counsel, I.O.S., Ltd. (S.A.) (1965 to present), Associated with Messrs. Paul, Weiss, Goldberg, Rifkind, Wharton & Garrison, New York City (1956-65)
Edward Morton Cowett	Villa Belle Haven, Cologny 1223, Geneva, Switzerland	Vice-President and Director	Executive Vice-President, General Counsel and Director, I.O.S., Ltd. (S.A.)
Murray Joseph Howe	347 Rosslyn Drive, Burlington, Ontario	Director	Partner, J. H. Crang & Co., Toronto, Ontario
Robert James Pinchin	312 Dominion Avenue, Midland, Ontario	Director	President, Renown Investments Ltd.
James Roosevelt	Villa Beauvoir, 97 chemin de Ruth, Cologny, Geneva, Switzerland	Director	President and Director, IOS Development Company Limited (1967 to present), Permanent U.S. Representative to Committee II of the United Nations and Member of Dele- gation from the United States to the United Nations General Assembly (1965-66), Member of the United States House of Representatives (1952-65)
Norman Rolnick	1249 Avully, Geneva, Switzerland	Treasurer	Comptroller, I.O.S., Ltd. (S.A.)

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This prospectus constitutes a public offering of these securities for sale only in those provinces of Canada where a prospectus has been filed.

The shares offered hereby are being sold on behalf of a shareholder of the Company and no part of the proceeds of sale of such shares will be received by the Company. Reference is made to "Principal Holders of Securities" on page 8 hereof for information relating to such selling shareholder.

\$3,440,000

Investors Overseas Services Management Limited

(Incorporated under the laws of the Province of Ontario)

40,000 shares

(with a par value of 20¢ each)

These shares are listed for trading on the Amsterdam and Luxembourg stock exchanges and have been admitted to unlisted trading privileges on the London Stock Exchange.

TRANSFER AGENT AND REGISTRAR: MONTREAL TRUST COMPANY

BRANCH TRANSFER AGENT AND REGISTRAR: THE ROYAL BANK OF CANADA TRUST CORPORATION LIMITED,
LONDON, ENGLAND

	Price to Public	Underwriting Commission	Proceeds to Selling Shareholder*
Per Share	\$86.00	\$4.30	\$81.70
Total	\$3,440,000	\$172,000	\$3,268,000

*Before deducting expenses of offering (payable by the selling shareholder) estimated at \$75,000.

We, as principals, offer these shares, subject to prior sale, if, as and when accepted by us and subject to the approval of all legal matters on behalf of the selling shareholder and on our behalf by Messrs. Zimmerman, Winters, Worley, Grant, Hugo, Paddon & Bennett, Toronto, Canada, who, as to matters concerning laws of certain jurisdictions other than Canada, will rely on opinions of counsel in such jurisdictions as follows: in the United Kingdom, Freshfields, London, England; in the Grand Duchy of Luxembourg, Lambert Dupong, Luxembourg; and in the Republic of Switzerland, Poncet & Turrettini, Geneva, Switzerland.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that these shares will be available for delivery in definitive form on or about January 13, 1969.

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Financial Statements and Statistical Information

The financial statements and statistical information contained herein have been taken from the records of the companies concerned. Except in the case of Regent Fund Ltd. and Regent Fund Advisers (1963) Ltd., the information contained in all such records is stated in terms of U.S. dollars and, for the purposes of this prospectus, has been converted into Canadian dollars on the basis of \$1.00 U.S. being the equivalent of \$1.0725 Canadian.

The Company

General

Investors Overseas Services Management Limited (the "Company") was incorporated under the name Dunn Bros. (Canada) Limited under the laws of the Province of Ontario by letters patent dated April 9, 1953. By supplementary letters patent dated February 28, 1968, the name of the Company was changed to its present form, the objects of the Company were amended and the authorized capital of the Company was changed and increased to fifty million dollars (\$50,000,000) consisting of five million (5,000,000) shares without par value. Supplementary letters patent dated April 30, 1968 were issued to the Company converting the shares without par value of the Company into shares with a par value of 20¢ each and providing for the issue of share warrants by the Company.

The head office of the Company is located at 425 University Avenue, Toronto, Ontario, Canada and the Company's principal executive and administrative offices are at 119 rue de Lausanne, Geneva, Switzerland.

Business of the Company

The Company, which is a holding company, is the owner of all the issued and outstanding shares of

- (i) FOF Management Company Limited ("FOF Management"), a company which supplies management and investment advisory services to The Fund of Funds, Limited ("FOF"), an open-end mutual fund incorporated under the laws of the Province of Ontario;
- (ii) IIT Management Company, S.A. ("IIT Management"), a company which supplies management and investment advisory services to IIT Fund, an open-end mutual fund organized as a unit investment trust under the laws of the Grand Duchy of Luxembourg;
- (iii) Canadian Fund Management Company Limited ("Canadian Management"), a company which supplies management and investment advisory services to Regent Fund Ltd. ("Regent"), an open-end mutual fund incorporated under the laws of Canada; and
- (iv) Fonditalia Management Company S.A. ("Fonditalia Management"), a company which supplies management and investment advisory services to Fonditalia, an open-end mutual fund organized as a unit investment trust under the laws of the Grand Duchy of Luxembourg.

The Company is also the owner of 650 common shares of FOF, being 65% of the outstanding voting shares of that company. Further information concerning FOF Management, IIT Management, Canadian Management and Fonditalia Management (the "Operating Subsidiaries") and information concerning FOF, IIT Fund, Regent and Fonditalia (the "Managed Funds") may be found under the headings "FOF Management" on page 11 hereof, "IIT Management" on page 12 hereof, "Canadian Management" on page 13 hereof, "Fonditalia Management" on page 15 hereof, "The Fund of Funds, Limited" on page 11 hereof, "IIT Fund" on page 12 hereof, "Regent Fund Ltd." on page 14 hereof and "Fonditalia" on page 15 hereof.

The Company's revenue consists entirely of dividends and other distributions received from the Operating Subsidiaries and the Company proposes to cause each of the Operating Subsidiaries to pay its entire net income to the Company in each year.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

Administration of Operating Subsidiaries

By an agreement (the "Service Agreement") made as of February 28, 1968 between the Company and I.O.S., Ltd. (S.A.) ("I.O.S."), a Panamanian corporation, I.O.S. agreed to provide the office space, staff, equipment and services necessary to the proper and efficient management of the Company and the Operating Subsidiaries. Pursuant to the Service Agreement, I.O.S. is also obliged to bear all expenses of the Company and the Operating Subsidiaries other than applicable taxes assessed against the Company and/or the Operating Subsidiaries, fees paid to any registrar, transfer agent, trustee or custodian of securities of the Company or any of the Operating Subsidiaries and any costs incurred by the Company or any of the Operating Subsidiaries for printing and distribution of any periodic reports sent to shareholders.

The services provided by I.O.S. to the Company and the Operating Subsidiaries under the Service Agreement include the daily recording and control of all subscriptions or requests for redemption of shares of the Managed Funds, the day to day correspondence with over 300,000 shareholders of the Managed Funds, the making available of the services of professional securities analysts, investment firms and investment consultants throughout the world to assist the officers and directors of the Operating Subsidiaries in their review, purchase and sale of portfolio securities on behalf of the Managed Funds and the undertaking of special studies of particular companies, industries and market conditions and the making available of such studies to the Operating Subsidiaries.

The location and extent of the facilities maintained by I.O.S. that are available to the Company and the Operating Subsidiaries are more fully described under the heading "I.O.S., Ltd. (S.A.)" on page 18 hereof.

Under the Service Agreement, the Company is required to pay to I.O.S. an annual fee of \$1,400,000, provided that if on December 31, 1968 or on December 31 in any year thereafter the value of the net assets of Regent exceeds \$50,000,000, the said annual fee for the next ensuing year will be \$1,500,000. (The value of the net assets of Regent at October 31, 1968 was \$54,392,700.) The Service Agreement provides for a proportionate downward adjustment of such annual fee in the event that the aggregate value of the net assets of all mutual funds under the management of the Company and the Operating Subsidiaries falls below \$600,000,000 and also provides for negotiation of an increase of such annual fee in the event of the acquisition by the Company of any management subsidiary or subsidiaries in addition to the Operating Subsidiaries. However, until such time as the Company acquires any additional management subsidiary or subsidiaries, the said annual fee will not exceed \$1,500,000 regardless of any increase in the value of the aggregate net assets of the Managed Funds.

The Service Agreement is in force for the period commencing on March 1, 1968 and ending on December 31, 1977 and thereafter from year to year unless terminated. The Service Agreement may be terminated only after December 31, 1977 and at least six (6) months' notice of termination must be given.

Acquisition of Additional Management Subsidiaries

By an agreement made as of February 28, 1968 and amended as of August 1, 1968 (the "Option Agreement"), I.O.S. granted to the Company the right to purchase from I.O.S. or any of its other subsidiaries all the shares of any I.O.S. subsidiary which at the time the right is exercised is entitled to manage a mutual fund whose net asset value is \$50,000,000 or more. The Company may exercise the said right at any time and from time to time during the period commencing on March 1, 1968 and ending on December 31, 1977 and so long thereafter as the Service Agreement continues in force. The exercise of the said

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

right must be approved by a majority of the directors of the Company who are not directors, officers, employees, sales associates or holders of more than 1% of the issued shares of I.O.S. or any of its other subsidiaries. The Option Agreement provides that the purchase price of the shares of any I.O.S. subsidiary so purchased by the Company is to be satisfied by the issue of shares of the Company. The maximum number of shares of the Company issuable on any such purchase is that number which will result in estimated annual earnings per share of the Company immediately after such purchase equalling estimated annual earnings per share of the Company immediately before such purchase.

Pursuant to the Option Agreement and as described under the heading "Interest of Management and Others in Material Transactions" on page 8 hereof, the Company purchased the issued shares of Fonditalia Management from IOS Development Company Limited, a wholly-owned subsidiary of I.O.S., on November 19, 1968 and issued to IOS Development Company Limited 200,000 shares of the Company in payment of the purchase price for such shares. Prior to such purchase, I.O.S. was the beneficial owner of approximately 80% of the issued shares of the Company. I.O.S. intends to continue to hold, directly or through wholly-owned subsidiaries, approximately 80% of the issued shares of the Company and is therefore willing to cause IOS Development Company Limited to make available to the public the 40,000 shares of the Company offered hereby, being 20% of the shares of the Company issued to IOS Development Company Limited on the aforesaid purchase.

Dividend Policy

After the payment to I.O.S. of amounts due under the Service Agreement and the payment of such of the Company's expenses as are not borne by I.O.S. under the Service Agreement, the Company's policy has been and will be to distribute on a current basis substantially all its net income to shareholders.

No withholding or similar tax is deducted from dividends paid by the Company. As the Company is not taxable under the Income Tax Act of Canada, Canadian shareholders are not entitled to the 20% dividend tax credit in respect of dividends received from the Company.

Dividend Record

During the period of five years preceding February 28, 1968 (the date on which all the then issued shares of the Company were acquired by I.O.S. as hereinafter described), the Company was not actively carrying on business and no dividends were paid by the Company. Since February 28, 1968, the Company has paid dividends of 25¢ per share on April 15, 1968, 40¢ per share on July 15, 1968 and 45¢ per share on October 15, 1968. The board of directors of the Company has declared a dividend of 60¢ per share payable on January 20, 1969 to shareholders of record on December 31, 1968.

Management of the Company

The names, home addresses and principal occupations within the five preceding years of the directors and officers of the Company are as follows:

<u>Directors and Officers</u>	<u>Home Address</u>	<u>Company Office Held</u>	<u>Principal Occupation(s) within the Five Preceding Years</u>
CHRISTIAN HENRY BUHL, III	Les Charmettes, Gland, Vaud, Switzerland	President and Director	President and Director, IIT Management Company, S.A.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

<u>Directors and Officers</u>	<u>Home Address</u>	<u>Company Office Held</u>	<u>Principal Occupation(s) within the Five Preceding Years</u>
ALLAN FRANKLIN CONWILL	481 Carlton Road, Wyckoff, New Jersey	Director	Partner in the law firm of Willkie Farr & Gallagher, New York City
BERNARD CORNFELD	218 rue de Lausanne, Geneva, Switzerland	Chairman of the Board and Director	President, Director and Chief Executive Officer, I.O.S., Ltd. (S.A.)
EDWARD JOSEPH COUGHLIN, JR.	4 place de l'Etrier, Chêne Bougeries, Geneva, Switzerland	Secretary and Director	Secretary and Associate General Counsel, I.O.S., Ltd. (S.A.) (1965 to present), Associated with Messrs. Paul, Weiss, Goldberg, Rifkind, Wharton & Garrison, New York City (1956-65)
EDWARD MORTON COWETT	Villa Belle Haven, Cologny 1223, Geneva, Switzerland	Vice President and Director	Executive Vice-President, General Counsel and Director, I.O.S., Ltd. (S.A.)
MURRAY JOSEPH HOWE	347 Rosslyn Drive, Burlington, Ontario	Director	Partner, J. H. Crang & Co., Toronto, Ontario
ROBERT JAMES PINCHIN	312 Dominion Avenue, Midland, Ontario	Director	President, Renown Invest- ments Ltd., a private investment company
JAMES ROOSEVELT	Villa Beauvoir, 97 chemin de Ruth, Cologny, Geneva, Switzerland	Director	President and Director, IOS Development Company Limited (1967 to present), Permanent U.S. Representative to Committee II of the United Nations and Member of Dele- gation from the United States to the United Nations General Assembly (1965-66), Member of the United States House of Representatives (1952-65)
NORMAN ROLNICK	1249 Avully, Geneva, Switzerland	Treasurer	Comptroller, I.O.S., Ltd. (S.A.)

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

Capitalization

	Amount Authorized or to be <u>Authorized</u>	Amount Outstanding as of <u>September 30, 1968</u>	Amount Outstanding as of <u>November 30, 1968</u>
DEBT:			
5% Unsecured Convertible Debentures due March 15, 1972 (Note 1).....	\$1,000,000	\$ 300,000	\$ 300,000
SHAREHOLDERS' INVESTMENT:			
Capital stock.....	5,000,000 shs.	3,000,000 shs.	3,200,000 shs.
Amount paid-up.....		\$ 600,000	\$ 640,000

NOTE TO CAPITALIZATION TABLE:

1. The holder of a Debenture is entitled to convert each \$1 principal amount of such Debenture into one share of the Company at any time after March 15, 1969 on payment to the Company of \$12.50 for each \$1 principal amount of such Debenture so converted.

The Offered Shares

The shares with a par value of 20¢ each offered hereby rank on a parity with the other 3,160,000 issued shares of the Company with respect to dividends and liquidation and distribution rights. Each share entitles the holder thereof to one vote at all meetings of shareholders of the Company. The other 3,160,000 issued shares of the Company are fully paid and non-assessable and the shares offered hereby were issued to IOS Development Company Limited as fully paid and non-assessable shares. A share does not entitle the holder thereof to any pre-emptive rights with respect to the issue of additional shares or other securities of the Company nor is the holder entitled to convert the share into any other security of the Company. The shares are not subject to redemption or purchase for cancellation by the Company and the Company may not accept the surrender of a share.

The rights of the holders of the shares offered hereby may be modified only by supplementary letters patent issued by the Lieutenant-Governor of the Province of Ontario pursuant to an application of the Company. Such an application by the Company must be authorized by a resolution passed by the directors of the Company and confirmed with or without variation (i) by at least two-thirds of the votes cast at a general meeting of the shareholders of the Company, or (ii) by the consent in writing of all the shareholders of the Company.

Tax Status of the Company and the Operating Subsidiaries

In the opinion of Messrs. Zimmerman, Winters, Worley, Grant, Hugo, Paddon & Bennett, Canadian counsel to the Company, the Company is not liable for payment of any taxes on income or capital receipts to Canada or any political subdivision thereof. Management fees paid by Regent to Canadian Management will be subject to a withholding tax at the rate of 15% payable to Canada.

In the opinion of United Kingdom counsel to FOF Management and Canadian Management, those companies are not liable for payment of any taxes on income or capital receipts to the United Kingdom or any political subdivision thereof so long as the central management and control of those companies remain outside the United Kingdom.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

In the opinion of Luxembourg counsel to IIT Management and Fonditalia Management, those companies are not liable for payment of any taxes on income or capital receipts to the Grand Duchy of Luxembourg or any political subdivision thereof.

The Company and the Operating Subsidiaries maintain executive offices in the Republic of Switzerland. In the opinion of Swiss counsel to the Company, neither the Company nor the Operating Subsidiaries are liable for payment of any taxes on income or capital receipts to the Republic of Switzerland or any political subdivision thereof.

Remuneration of Directors and Senior Officers

Neither the Company nor any of its subsidiaries has paid any remuneration to the directors and senior officers of the Company to the date of this prospectus. Reference is made to the Service Agreement (described under the sub-heading "Administration of Operating Subsidiaries" on page 4 hereof) for particulars of the obligation of I.O.S. to pay certain expenses incurred by the Company, which expenses would include remuneration paid to its directors and senior officers.

Principal Holders of Securities

The following table shows the number of shares with a par value of 20¢ each of the Company owned of record and beneficially, directly or indirectly, by the only person or company which at the date hereof so owns more than 10% of such shares:

<u>Name and Address</u>	<u>Description of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares Owned</u>	<u>Percentage of Class</u>
I.O.S., Ltd. (S.A.) 119 rue de Lausanne, Geneva, Switzerland.	Shares with a par value of 20¢ each	of record and beneficially beneficially	2,599,991 shs. 9 shs. }	81.25%

The following table shows the percentage of the issued equity shares of I.O.S. owned beneficially, directly or indirectly, at the date hereof by all directors and senior officers of the Company as a group:

<u>Designation of Class</u>	<u>Percentage of Class</u>
Common shares par value \$1 each	23%

IOS Development Company Limited owned 200,000 shares of the Company prior to the offering for its account of the 40,000 shares offered hereby. After the completion of such offering, IOS Development Company Limited will own 160,000 shares of the Company.

Interest of Management and Others in Material Transactions

I.O.S., the beneficial owner of more than 10% of the issued shares of the Company, had a direct material interest in each of the following transactions, each of which has materially affected or will materially affect the Company or its subsidiaries:

- (i) the purchase by I.O.S. on January 15, 1968 of all the then issued and outstanding shares of the Company;
- (ii) the purchase by the Company from I.O.S. of all the issued and outstanding shares of FOF Management, IIT Management and Canadian Management. The said purchase was made under

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

an agreement (the "Purchase Agreement") dated February 28, 1968 and the cost to the Company of the said shares of FOF Management, IIT Management and Canadian Management was 2,399,991 shares with a par value of 20¢ each of the Company plus the sum of \$7,500,000, which cost represented an amount approximately equal to ten times the then estimated annual net earnings of FOF Management, IIT Management and Canadian Management. Pursuant to the Purchase Agreement, the Company also purchased from FOF the 650 common shares of FOF now owned by the Company at a cost of \$15,399, being the net asset value of such shares at the date of such purchase;

- (iii) the entering into of the Option Agreement (described under the sub-heading "Acquisition of Additional Management Subsidiaries" on page 4 hereof);
- (iv) the entering into of the Service Agreement (described under the sub-heading "Administration of Operating Subsidiaries" on page 4 hereof);
- (v) the entering into of the Canadian Sub-Advisory Agreement (described under the sub-heading "Canadian Management" on page 13 hereof) with Regent Fund Advisers (1963) Ltd. Regent Fund Advisers (1963) Ltd. is a wholly-owned subsidiary of I.O.S. of Canada, Ltd. and I.O.S. of Canada, Ltd. is a wholly-owned subsidiary of I.O.S.; and
- (vi) the purchase by the Company from IOS Development Company Limited on November 19, 1968 of all the issued and outstanding shares of Fonditalia Management. The said purchase was made pursuant to the Option Agreement and the cost to the Company of the said shares of Fonditalia Management was 200,000 shares with a par value of 20¢ each of the Company.

Each of the directors and senior officers of the Company had a direct material interest in each of the above-mentioned transactions in that (i) Christian Henry Buhl, III, Allan Franklin Conwill, Bernard Cornfeld, Edward Joseph Coughlin, Jr., Edward Morton Cowett, James Roosevelt and Norman Rolnick are shareholders of I.O.S. and (ii) Murray Joseph Howe and Robert James Pinchin hold options to acquire shares of I.O.S.

Material Contracts

Neither the Company nor any of its subsidiaries has entered into any material contracts within the two years prior to the date hereof other than contracts entered into in the ordinary course of business and other than the Purchase Agreement (described under the heading "Interest of Management and Others in Material Transactions" on page 8 hereof), the Option Agreement (described under the sub-heading "Acquisition of Additional Management Subsidiaries" on page 4 hereof), the Service Agreement (described under the sub-heading "Administration of Operating Subsidiaries" on page 4 hereof), the Canadian Sub-Advisory Agreement (described under the sub-heading "Canadian Management" on page 13 hereof), the FOF Agreement (described under the sub-heading "FOF Management" on page 11 hereof) and the Canadian Management Agreement (described under the sub-heading "Canadian Management" on page 13 hereof). Copies of such material contracts may be inspected at the head office of the Company, 425 University Avenue, Toronto, Ontario and at the principal executive offices of the Company, 119 rue de Lausanne, Geneva, Switzerland during ordinary business hours during the course of primary distribution of the shares offered hereby.

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Prior Sales of Shares

During the period of twelve months immediately prior to the date hereof, the following shares with a par value of 20¢ each of the Company were sold by the Company at the prices indicated:

- (i) pursuant to a subscription received from I.O.S., six shares were issued by the Company on February 5, 1968 at a price of \$1.00 per share. These shares were issued to nominees of I.O.S. in order that such nominees would be qualified for election as directors of the Company;
- (ii) pursuant to the provisions of the Purchase Agreement (described under the heading "Interest of Management and Others in Material Transactions" on page 8 hereof), 2,399,991 shares were issued by the Company to I.O.S. on February 28, 1968. The directors fixed the consideration for the issue of such shares as an undivided part of the shares of FOF Management, IIT Management and Canadian Management acquired by the Company;
- (iii) pursuant to the provisions of an underwriting agreement made between the Company and J. H. Crang & Co., 600,000 shares were issued by the Company to the public in the United Kingdom and Europe on May 27, 1968 at a price of \$12.50 per share; and
- (iv) pursuant to the provisions of the Option Agreement (described under the sub-heading "Acquisition of Additional Management Subsidiaries" on page 4 hereof), 200,000 shares were issued by the Company to IOS Development Company Limited on November 19, 1968. The said 200,000 shares were issued in consideration for all the shares of Fonditalia Management acquired by the Company.

Plan of Distribution

Under an agreement with J. H. Crang & Co., 20 King Street West, Toronto, Canada (the "Underwriter") IOS Development Company Limited has agreed to sell and the Underwriter, as principal, has agreed to purchase the 40,000 shares with a par value of 20¢ each offered hereby at an aggregate price of \$3,440,000 payable in cash against delivery of such shares on or about January 10, 1969, subject to the terms and conditions set forth in the said agreement. IOS Development Company Limited has agreed to pay to the Underwriter a commission of 5% of the aggregate price of such shares.

The said agreement provides that the obligations of the Underwriter thereunder are subject to certain conditions precedent and the Underwriter is committed to take up and pay for all the shares offered hereby if any of such shares are purchased under the said agreement.

Promoter

Pursuant to the Purchase Agreement (described under the heading "Interest of Management and Others in Material Transactions" on page 8 hereof) and the Option Agreement (described under the sub-heading "Acquisition of Additional Management Subsidiaries" on page 4 hereof), I.O.S. has received from the Company, directly or indirectly, 2,600,000 shares of the Company and the sum of \$7,500,000. In return, I.O.S. transferred to the Company all the authorized and issued shares of the Operating Subsidiaries. The cost of the said shares of the Operating Subsidiaries to I.O.S. was the aggregate par value of such shares.

Under the Service Agreement (described under the sub-heading "Administration of Operating Subsidiaries" on page 4 hereof) and the Canadian Sub-Advisory Agreement (described under the sub-heading "Canadian Management" on page 13 hereof), I.O.S. has received and will receive, directly or indirectly, the fees therein described in payment for the services supplied and to be supplied by I.O.S. thereunder.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

The Operating Subsidiaries and The Managed Funds

FOF Management

FOF Management is a corporation incorporated under the laws of the United Kingdom on December 29, 1967. Its statutory office is 31 St. Paul's Churchyard, London E.C.4, England and it maintains executive and administrative offices at 119 rue de Lausanne, Geneva, Switzerland and at 1 route de Peloux, Ferney-Voltaire, France.

By an agreement (the "FOF Agreement") made as of December 29, 1967 between FOF and FOF Management, FOF Management agreed to act as investment advisor to and manager of FOF. The services provided by FOF Management to FOF under the FOF Agreement include the review, purchase and sale of portfolio securities of FOF, the furnishing of investment research and statistical data relating to securities and the provision of the office space, administrative, clerical and accounting staff and other facilities necessary to carry on the business of FOF. FOF Management is also required by the FOF Agreement to pay certain expenses of FOF, which expenses are in fact borne by I.O.S. pursuant to the provisions of the Service Agreement.

Under the FOF Agreement, FOF is required to pay to FOF Management a monthly management fee of 1/24th of 1% of the average daily value of the net assets of FOF for each month. It is expected that the said management fee will constitute the net income of FOF Management.

The FOF Agreement is in force for the period commencing on January 1, 1968 and ending on December 31, 1969 and thereafter from year to year so long as such continuation is expressly approved annually by a resolution passed by a majority of the votes cast at a meeting of the holders of the outstanding voting shares of FOF. The Company is the beneficial owner of 65% of the issued voting shares of FOF and I.O.S. is the beneficial owner of the remaining 35% of such shares.

Prior to January 1, 1968, I.O.S. Management Company, Limited performed the same services for FOF as are now being performed by FOF Management and was paid a management fee at the same rate as the management fee currently being paid to FOF Management. For the year ended December 31, 1967, the management fee paid to I.O.S. Management Company, Limited by FOF was \$2,804,200. For the period January 1 to September 30, 1968 the management fee paid to FOF Management by FOF was \$2,638,700. Further details with respect to the management fees paid to I.O.S. Management Company, Limited and to FOF Management are set out under the heading "Certain Statistics" on page 21 hereof.

The Fund of Funds, Limited

FOF, an incorporated open-end mutual fund, was incorporated on August 9, 1962 under the laws of the Province of Ontario. Since its incorporation, FOF has effected distribution of its Class A non-voting shares through I.O.S. and its subsidiaries, but its shares are not qualified for sale and are not sold in any province of Canada. On December 31, 1963, the value of FOF's net assets amounted to \$28,285,100 representing a net asset value per share of \$13.34. By September 30, 1968, the value of FOF's net assets had increased to \$796,637,900 and the net asset value per share had increased to \$27.46. Further particulars as to the growth of net assets and increase of net asset value of FOF shares are set out under the heading "Certain Statistics" on page 21 hereof.

As more fully described under the sub-heading "FOF Management" above, FOF Management manages and administers the affairs of FOF. In addition, the board of directors of FOF has appointed the following financial institutions to perform the following services for FOF:

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

- (i) Crédit Suisse, Zurich, Switzerland, is the cash depositary for FOF and as such, receives all funds paid by subscribers for FOF shares, receives bank transfers for investment in FOF shares, places time deposits for FOF in the name of Crédit Suisse, but for the account and risk of FOF, makes payments directly from FOF's account to authorized securities dealers for investments acquired for FOF's portfolio and, upon instructions from FOF Management, issues cashiers' cheques to investors who have requested redemption, in whole or in part, of the FOF shares held in their account;
- (ii) Montreal Trust Company, Toronto, Ontario, acts as transfer agent and registrar for shares of FOF;
- (iii) The Bank of New York, New York City, acts as custodian of the portfolio securities of FOF.

To insure maximum protection of investor accounts, a system of safeguards, checks and balances has been carefully developed by FOF Management, I.O.S. and the financial institutions referred to above. The system includes a daily exchange and cross-reference of complete information relating to the purchase or sale of portfolio securities, issuance and/or redemption of FOF shares, safekeeping of cash assets and the daily net asset value computation.

IIT Management

IIT Management is a corporation incorporated under the laws of the Grand Duchy of Luxembourg on December 5, 1960. Its statutory office is at Banque Internationale à Luxembourg in Luxembourg and it maintains its executive and administrative offices at 119 rue de Lausanne, Geneva, Switzerland and at 1 route de Peloux, Ferney-Voltaire, France.

Pursuant to the regulations (the "IIT Fund Regulations") under which IIT Fund was organized, IIT Management acts as investment advisor to and manager of IIT Fund. The services provided by IIT Management to IIT Fund under the IIT Fund Regulations include the review, purchase and sale of portfolio securities of IIT Fund, the furnishing of investment research and statistical data relating to securities and the provision of the office space, administrative, clerical and accounting staff and other facilities necessary to carry on the business of IIT Fund. IIT Management is also required by the IIT Fund Regulations to pay certain expenses of IIT Fund, which expenses are in fact borne by I.O.S. pursuant to the provisions of the Service Agreement.

Under the IIT Fund Regulations, IIT Fund is required to pay to IIT Management a monthly management fee of 1/12th of 1% of the average daily value of the net assets of IIT for each month. It is expected that the said management fee will constitute the net income of IIT Management.

The management fee paid to IIT Management by IIT Fund for the year ended December 31, 1967 was \$1,310,600 and for the period January 1 to September 30, 1968 was \$2,029,100. Further details with respect to management fees paid to IIT Management are set out under the heading "Certain Statistics" on page 21 hereof.

IIT Fund

IIT Fund, an open-end mutual fund organized as a unit investment trust, was formed on December 5, 1960 under the laws of the Grand Duchy of Luxembourg. Since October, 1962, IIT Fund has effected distribution of its units through I.O.S. and its subsidiaries, but its units are not qualified for sale and are not sold in any province of Canada. On December 31, 1963, the value of the net assets of IIT Fund amounted to \$6,799,800 representing a net asset value per unit of \$4.49. By September 30, 1968 the value

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of the net assets of IIT Fund had increased to \$396,972,300 and the net asset value per unit had increased to \$10.80. Further particulars as to the growth of net assets and increase of net asset value of units of IIT Fund are set out under the heading "Certain Statistics" on page 21 hereof.

As more fully described under the sub-heading "IIT Management" on page 12 hereof, IIT Management manages and administers the affairs of IIT Fund. In addition, the IIT Fund Regulations provide for the appointment of the following financial institutions to perform the following services for IIT Fund:

- (i) Crédit Suisse, Zurich, Switzerland, is the cash depositary for IIT Fund and as such, receives all funds paid by subscribers for IIT Fund units, receives bank transfers for investment in IIT Fund units, places time deposits for IIT Fund in the name of Crédit Suisse, but for the account and risk of IIT Fund, makes payments directly from IIT Fund's account to authorized securities dealers for investments acquired for IIT Fund's portfolio and, upon instructions from IIT Management, issues cashiers' cheques to investors who have requested liquidation, in whole or in part, of the IIT Fund units held in their account;
- (ii) Banque Internationale à Luxembourg acts as transfer agent and registrar for units of IIT Fund;
- (iii) Montreal Trust Company, Toronto, Ontario, Canada, acts as custodian of the portfolio securities of IIT Fund.

To insure maximum protection of investor accounts, the system of safeguards, checks and balances developed in connection with FOF has been adopted by IIT Management.

Any amendment to the IIT Fund Regulations, other than those required by law, may be made only if the amendment is proposed by IIT Management.

Canadian Management

Canadian Management is a corporation incorporated under the laws of the United Kingdom on December 29, 1967. Its statutory office is at 31 St. Paul's Churchyard, London E.C.4, England and it maintains executive and administrative offices at 119 rue de Lausanne, Geneva, Switzerland and at 1 route de Peloux, Ferney-Voltaire, France.

By an agreement (the "Canadian Management Agreement") made as of March 1, 1968 between Regent and Canadian Management, Canadian Management agreed to act as investment advisor to and manager of Regent. The services provided by Canadian Management to Regent under the Canadian Management Agreement include the review, purchase and sale of portfolio securities of Regent and the furnishing of investment research and statistical data relating to securities. In addition, Canadian Management is obliged to provide the office space, administrative, clerical and accounting staff and other facilities necessary to carry on the business of Regent. Canadian Management is also required by the Canadian Management Agreement to pay certain expenses of Regent, which expenses are in fact borne by I.O.S. pursuant to the provisions of the Service Agreement.

Under the Canadian Management Agreement, Regent is required to pay to Canadian Management a monthly management fee of 1/24th of 1% of the average daily value of the net assets of Regent for each month. It is expected that the said management fee, after deduction of applicable taxes, will constitute the net income of Canadian Management. Particulars of taxes payable by Canadian Management are set out under the heading "Tax Status of the Company and the Operating Subsidiaries" on page 7 hereof.

The Canadian Management Agreement is in force for the period commencing on March 1, 1968 and ending on December 31, 1969 and thereafter from year to year until expressly terminated by a resolution

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passed by a majority of the directors of Regent who are not directors, officers, employees, sales associates or holders of more than 1% of the issued shares of I.O.S. or any of its subsidiaries.

Prior to March 1, 1968, Regent Fund Advisers (1963) Ltd. performed the same services for Regent as are now being performed by Canadian Management. Regent Fund Advisers (1963) Ltd. was paid a quarterly management fee of 1/8th of 1% of the value of the net assets of Regent as of the last business day in each quarter. For the year ended December 31, 1967, the management fee paid to Regent Fund Advisers (1963) Ltd. by Regent was \$90,600. For the period January 1, 1968 to February 29, 1968, the management fee paid to Regent Fund Advisers (1963) Ltd. by Regent was \$24,100. For the period March 1, 1968 to September 30, 1968, the management fee paid to Canadian Management by Regent was \$113,800. Further details with respect to the management fees paid to Regent Fund Advisers (1963) Ltd. and to Canadian Management are set out under the heading "Certain Statistics" on page 21 hereof.

By an agreement (the "Canadian Sub-Advisory Agreement") made as of March 1, 1968 between Canadian Management and Regent Fund Advisers (1963) Ltd., Regent Fund Advisers (1963) Ltd. agreed to perform certain of the obligations of Canadian Management under the Canadian Management Agreement. In particular, Regent Fund Advisers (1963) Ltd. agreed to furnish on a regular and continuing basis advice concerning investments by Regent in Canadian securities and to provide the office space, administrative, clerical and accounting staff and other facilities necessary to carry on the business of Regent in Canada. Under the said agreement, Canadian Management is required to pay to Regent Fund Advisers (1963) Ltd. a fee of \$62,500 for the period from March 1, 1968 to December 31, 1968 and thereafter an annual fee of \$75,000; provided that if on December 31, 1968 or on December 31 in any year thereafter the value of the net assets of Regent exceeds \$50,000,000, the said annual fee for the next ensuing year will be \$150,000. Such fees are included in the expenses of Canadian Management borne by I.O.S. under the Service Agreement.

Regent Fund Ltd.

Regent, an incorporated open-end mutual fund, was incorporated on July 23, 1956 under the laws of Canada. Since December 31, 1964, Regent has effected distribution of its shares through I.O.S. of Canada, Ltd., a wholly-owned subsidiary of I.O.S. On December 31, 1964, the value of Regent's net assets amounted to \$303,700 representing a net asset value per share of \$6.95. By September 30, 1968, the value of Regent's net assets had increased to \$51,278,300 and the net asset value per share had increased to \$11.31. Further particulars as to the growth of net assets and increase of net asset value of Regent shares are set out under the heading "Certain Statistics" on page 21 hereof.

As more fully described under the sub-heading "Canadian Management" on page 13 hereof, Canadian Management manages and administers the affairs of Regent. In addition, the board of directors of Regent has appointed the following financial institutions to perform the following services for Regent:

- (i) Montreal Trust Company, Toronto, Ontario, Canada, in its capacity as cash depositary for I.O.S. of Canada Ltd., receives all funds paid by subscribers for Regent shares, receives bank transfers for investment in Regent shares and purchases Regent shares for the account of the subscribers to Regent;
- (ii) The Royal Trust Company at its offices in Montreal, Toronto and Charlottetown, Canada, acts as transfer agent and registrar for shares of Regent and is the custodian of the portfolio securities of Regent.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

To insure maximum protection of investor accounts, the system of safeguards, checks and balances developed in connection with FOF has been adopted by Canadian Management.

Fonditalia Management

Fonditalia Management is a corporation incorporated under the laws of the Grand Duchy of Luxembourg on August 11, 1967. Its statutory office is at Banque Internationale à Luxembourg in Luxembourg and it maintains its executive and administrative offices at 119 rue de Lausanne, Geneva, Switzerland and at 1 route de Peloux, Ferney-Voltaire, France.

Pursuant to the regulations (the "Fonditalia Regulations") under which Fonditalia was organized, Fonditalia Management acts as investment advisor to and manager of Fonditalia. The services provided by Fonditalia Management to Fonditalia under the Fonditalia Regulations include the review, purchase and sale of portfolio securities of Fonditalia, the furnishing of investment research and statistical data relating to securities and the provision of the office space, administrative, clerical and accounting staff and other facilities necessary to carry on the business of Fonditalia. Fonditalia Management is also required by the Fonditalia Regulations to pay certain expenses of Fonditalia, which expenses are in fact borne by I.O.S. pursuant to the provisions of the Service Agreement.

Under the Fonditalia Regulations, Fonditalia is required to pay to Fonditalia Management a monthly management fee of 1/12th of 1% of the value of the net assets of Fonditalia on the last business day of each month. It is expected that the said management fee will constitute substantially all the net income of Fonditalia Management.

The management fee paid to Fonditalia Management by Fonditalia for the period from January 1, 1968 to September 30, 1968 was \$156,100.

Fonditalia

Fonditalia, an open-end mutual fund organized as a unit investment trust, was formed on August 11, 1967 under the laws of the Grand Duchy of Luxembourg. Since its formation, Fonditalia has effected distribution of its units through I.O.S. and its subsidiaries. Over 50% of the sales of units of Fonditalia have been made in Italy, but Fonditalia's units are not qualified for sale and are not sold in any province of Canada. On December 31, 1967, the value of the net assets of Fonditalia amounted to \$1,380,600 representing a net asset value per unit of \$10.79. By September 30, 1968, the value of the net assets of Fonditalia had increased to \$40,329,900 and the net asset value per unit had increased to \$12.05. Approximately $\frac{1}{3}$ of the assets of Fonditalia is invested in Italian securities.

As more fully described under the sub-heading "Fonditalia Management" above, Fonditalia Management manages and administers the affairs of Fonditalia. In addition, pursuant to the Fonditalia Regulations, Banque Rothschild S.A., Paris, France, has been appointed to perform the following services for Fonditalia:

- (i) Cash Depositary for Fonditalia. As such, Banque Rothschild S.A. receives all funds paid by subscribers for Fonditalia units, receives bank transfers for investment in Fonditalia units, places time deposits for Fonditalia in the name of Banque Rothschild S.A., but for the account and risk of Fonditalia, makes payments directly from Fonditalia's account to authorized securities dealers for investments acquired for Fonditalia's portfolio and, upon instructions from Fonditalia Management, issues cashiers' cheques to investors who have requested liquidation, in whole or in part, of the Fonditalia units held in their account;

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

- (ii) Transfer Agent and Registrar for units of Fonditalia;
- (iii) Custodian of the portfolio securities of Fonditalia.

To insure maximum protection of investor accounts, the system of safeguards, checks and balances developed in connection with FOF has been adopted by Fonditalia Management.

Directors of Managed Funds

The following persons are the directors of FOF, Regent, IIT Management and Fonditalia Management:

EDMUND GERALD BROWN	A director of FOF, Mr. Brown completed eight years as the Governor of the State of California in 1966, and is now a senior partner in the law firm of Ball, Hunt, Hart and Brown, Beverly Hills, California.
CHRISTIAN HENRY BUHL III	Mr. Buhl is a director of FOF, IIT Management and Fonditalia Management. Prior to becoming associated with IIT Management in 1962, Mr. Buhl was associated with McDonnell & Co. Inc., members of the New York Stock Exchange.
ALLAN FRANKLIN CONWILL	A director of FOF, Mr. Conwill is a partner in the law firm of Willkie Farr & Gallagher, New York City. From 1961 to 1964, he was General Counsel and then Director of the Division of Corporate Regulation for the United States Securities and Exchange Commission.
BERNARD CORNFELD	The President and a director of FOF and a director of IIT Management, Mr. Cornfeld is the founder, President and Chief Executive Officer of I.O.S.
EDWARD MORTON COWETT	Mr. Cowett is a Vice-President and director of FOF and IIT Management and is a director of Regent. Mr. Cowett, Executive Vice-President of I.O.S., has been affiliated with I.O.S. since 1958. A member of the Massachusetts and New York State Bars, he is a recognized authority on securities law and is co-author of one of the definitive reference books on the subject.
JAMES HAROLD CRANG	A director of Regent, Mr. Crang is the senior partner and founder of J. H. Crang & Co., Toronto, Canada. Mr. Crang is a member of The Toronto Stock Exchange, Montreal Stock Exchange and The Vancouver Stock Exchange. Mr. Crang has been engaged in the securities business in Canada for over 35 years.
ROBERT MACLAREN FOWLER	A director of Regent, Mr. Fowler is President of the Canadian Pulp and Paper Association, a director of Chemcell Ltd. and a director of British Petroleum Co. of Canada Ltd.

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ERICH MENDE	A director of IIT Management and Fonditalia Management, Mr. Mende, a former Vice-Chancellor of West Germany, is now associated with I.O.S. as Chief Executive Officer of its German subsidiary company.
ALOYSIUS DOUGLAS McALPINE, Q.C.	A director of Regent, Mr. McAlpine is a solicitor practising law in the City of Toronto, Canada.
BEAT NOTZ	A director of IIT Management, Mr. Notz is President and director of several Swiss and French companies and is a director of the Swiss Chamber of Commerce in Paris, France.
PITER POEL	A Vice-President and director of Regent, Mr. Poel is a Vice-President of Lexington Research and Management Corporation, Englewood, New Jersey.
PIERRE ANDRÉ RINFRET	A director of FOF and IIT Management, Mr. Rinfret is one of the foremost economists in the United States and is President of Rinfret-Boston Associates Inc., New York City, economic and financial consultants.
LOUIS AUDET LAPOINTE, Q.C.	A director of Regent, Mr. Lapointe is President of Miron Company Ltd., Montreal, Quebec, and is also a director of various Canadian mining and industrial companies.
JAMES ROOSEVELT	A director of FOF, IIT Management and Fonditalia Management, Mr. Roosevelt, the eldest son of the late President of the United States, served for eleven years in the U.S. Congress. In 1965, he was appointed U.S. representative to the United Nations Economic and Social Council.
JOHN LOUIS SCHROEDER	The President and a director of Regent, Mr. Schroeder is President of Lexington Research and Management Corporation, Englewood, New Jersey.
ERIC DUFF SCOTT	A director of FOF and Regent, Mr. Scott is a senior partner of J. H. Crang & Co., Toronto, Canada and is an officer or director of various Canadian mining and industrial companies. From 1960 to 1962, he was President and Chairman of the Board of Governors of The Toronto Stock Exchange.
WILSON WATKINS WYATT	A director of FOF, Regent and Fonditalia Management, Mr. Wyatt is senior partner of the law firm of Wyatt, Grafton & Gloss, Louisville, Kentucky. He has had a distinguished career of government service spanning thirty-five years, being Lieutenant-Governor of the State of Kentucky from 1959 to 1963. Since 1943, he has led major diplomatic missions as special emissary for United States Presidents Roosevelt, Truman and Kennedy. Mr. Wyatt is also a director of I.O.S.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

I.O.S., Ltd. (S.A.)

Administrative Facilities

The executive offices of I.O.S. and most of its subsidiaries are located at 119 rue de Lausanne and 2 avenue Secheron, Geneva, Switzerland. Approximately 250 people are employed at the executive offices, which are housed in two adjacent eight-storey office buildings having a floor area of approximately 30,000 square feet.

The principal administrative offices of I.O.S. are located in Ferney-Voltaire, France, which is approximately five miles from the centre of Geneva. Six new I.O.S. office buildings have recently been completed at Ferney-Voltaire having an aggregate floor area of approximately 56,000 square feet and accommodating more than 800 employees of I.O.S. and its subsidiaries.

Computer programming and data processing facilities are located at Nyon, Switzerland. The data processing installation at Nyon, employing approximately 200 persons and operating 24 hours a day, is one of the most complex and efficient data processing systems in the mutual fund industry. An example of the system's efficiency is its ability to confirm to investors all subscriptions (which may be received from any of more than 120 countries, in any of seven "standard" languages) within 48 hours of receipt.

In addition to the executive and administrative facilities described above, more than 2,000 executive and administrative personnel employed by I.O.S. and certain of its subsidiaries are located at more than 100 offices throughout the free world. Among the more significant administrative facilities are the offices of The International Life Insurance Company (U.K.) Limited located in London, England, where more than 500 persons are employed, the Montreal offices of I.O.S. of Canada, Ltd., where more than 100 persons are employed and regional offices maintained in various places, including Panama City, Hong Kong, Tokyo, Beirut, Dusseldorf and Munich, to service and supply the I.O.S. sales organization.

Sale of Fund Shares

The shares or units of the Managed Funds are sold by over 30 subsidiaries of I.O.S. formed under local law in various countries throughout the free world. The principal sales company is Investors Overseas Services, Limited, a wholly owned subsidiary of I.O.S. Investors Overseas Services, Limited controls the operation and holds the shares of the various local sales companies.

The sales companies are represented by over 7,500 active sales representatives in more than 120 countries. Although no part of the revenue of the Company is derived from the above described operations of I.O.S., the personnel and facilities described are utilized by I.O.S. in carrying out its obligations to the Company under the Service Agreement, particulars of which are set out under the sub-heading "Administration of Operating Subsidiaries" on page 4 hereof.

Other Subsidiaries of I.O.S.

In addition to the management of mutual funds and the distribution of mutual fund shares through the subsidiary companies described above, I.O.S. makes available to the public one of the widest ranges of financial services offered through any single corporate structure. Information relating to the several financial institutions and related companies, not directly involved in the I.O.S. mutual fund complex described above, is set out in the appendix to this prospectus. No part of the revenue of the Company is derived from the operations of the companies referred to in the appendix.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

I.O.S. Stock Option Plan

Since its incorporation in 1960, I.O.S. has encouraged its officers, directors, employees and sales personnel to participate in the growth of the I.O.S. complex through ownership of shares of I.O.S. The I.O.S. Stock Option Plan has enabled over 1,500 of such people to acquire over ninety percent (90%) of the outstanding shares of I.O.S. This Plan has engendered a vital interest amongst key employees in the growth of the I.O.S. complex. In order to extend the benefit of this interest directly to the Company, \$300,000 principal amount of 5% Unsecured Convertible Debentures of the Company were purchased at par by I.O.S. from the Company on February 19, 1968 and were distributed by I.O.S. on March 14, 1968 to the shareholders of I.O.S. on a pro rata basis. The holder of a Debenture is entitled to convert each \$1 principal amount of such Debentures into one share of the Company at any time after March 15, 1969 on payment to the Company of \$12.50 for each \$1 principal amount of such Debenture so converted. The said Debentures are redeemable at par plus accrued interest at the option of the Company at any time after March 15, 1971.

I.O.S.—United States Securities and Exchange Commission Settlement

Pursuant to a settlement made between I.O.S. and the United States Securities and Exchange Commission, which settlement became effective June 5, 1967, I.O.S. agreed, among other things,

- (i) not to offer or sell securities to United States citizens or residents;
- (ii) to dispose of its interest in Investors Planning Corporation of America, a mutual fund sales organization operating in a number of states, territories and military installations of the United States;
- (iii) to refrain from future activities falling within the jurisdiction of the United States Securities and Exchange Commission; and
- (iv) to cause investments by FOF in United States investment companies to comply with the limitations applicable to United States mutual funds seeking to make such investments.

Further details of the said settlement and of the events leading up to the settlement may be found under the sub-heading “IOS—United States Securities and Exchange Commission Settlement” in the appendix to this prospectus.

Transfer Agent and Registrar

Montreal Trust Company at its principal offices in Toronto, Canada is the transfer agent and registrar for the shares with a par value of 20¢ each of the Company. The Royal Bank of Canada Trust Corporation Limited in London, England is the branch transfer agent and registrar for such shares.

Auditors

The auditors of the Company are Arthur Andersen & Co., Beatengasse 9, 8001, Zurich, Switzerland.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

Purchasers' Statutory Rights of Withdrawal and Rescission

The Securities Act, 1966 of Ontario provides, in effect, that where a security is offered in Ontario in the course of primary distribution to the public,

- (i) a purchaser may rescind an agreement to purchase such security, while still the owner thereof, if the current prospectus or amended prospectus offering the security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement contained therein not misleading in the light of the circumstances in which it was made, but no action to enforce such right can be commenced by the purchaser after the expiration of 90 days from the later of the date of such agreement or the date on which such prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent; and
- (ii) a purchaser is not bound by an agreement to purchase such security if written or telegraphic notice evidencing the intention of the purchaser not to be bound is received by the person or company from whom the purchaser purchased the security not later than midnight on the second business day after the prospectus or amended prospectus offering the security is received or is deemed to be received by the purchaser or his agent.

The full text of such provisions is contained in Sections 63 and 64 of The Securities Act, 1966 of Ontario.

Certain Statistics

THE OPERATING SUBSIDIARIES' MANAGEMENT FEES (to the nearest one hundred dollars)

Year ended December 31,	I.O.S. Management Company, Limited and FOF Management Company Limited		IIT Management Company, S.A.		Regent Fund Advisers (1963) Ltd. and Canadian Fund Management Company Limited		Fonditalia Management Company S.A.		Combined Management Fees
	(Note 1)		(Note 2)		(Note 3)		(Note 4)		
1963.....	\$ 61,600		\$ 54,100		\$ 700		\$ —		\$ 116,400
1964.....	338,500		75,600		1,300		—		415,400
1965.....	1,079,700		124,700		4,800		—		1,209,200
1966.....	2,118,200		474,300		28,400		—		2,620,900
1967.....	2,804,200		1,310,600		90,600		1,300		4,206,700
Nine months ended September 30, 1968 (unaudited).....	2,638,700		2,029,100		137,900		156,100		4,961,800

NOTES:

1. Prior to January 1, 1968, I.O.S. Management Company, Limited was investment adviser to and manager of The Fund of Funds, Limited. For the nine month period January 1, 1968 to September 30, 1968, FOF Management Company Limited was investment adviser to and manager of The Fund of Funds, Limited. The management fees paid by The Fund of Funds, Limited to both of these companies were 1/24 of 1% per month of the average daily value of the net assets of The Fund of Funds, Limited for such month.
2. The management fees paid by IIT Fund to IIT Management Company, S.A. were 1/12 of 1% per month of the average daily value of the net assets of IIT Fund for such month.
3. Prior to March 1, 1968, Regent Fund Advisers (1963) Ltd. was investment adviser to and manager of Regent Fund Ltd. For the seven month period March 1, 1968 to September 30, 1968, Canadian Fund Management Company Limited was investment adviser to and manager of Regent Fund Ltd. The management fees paid by Regent Fund Ltd. to both of these companies were 1/24 of 1% per month of the average daily value of the net assets of Regent Fund Ltd. for such month.
4. Fonditalia was formed on August 11, 1967. The management fees paid by Fonditalia to Fonditalia Management Company S.A. were 1/12 of 1% of the value of the net assets of Fonditalia on the last day of each month.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

The Managed Funds

(Notes 1 and 2)

Funds	December 31, 1963	December 31, 1964	December 31, 1965	December 31, 1966	December 31, 1967	September 30, 1968 (unaudited)
THE FUND OF FUNDS, LIMITED						
Total Net Assets.....	\$28,285,100	\$119,389,400	\$339,798,200	\$457,143,800	\$662,590,800	\$ 796,637,900
Net Asset Value per Share	13.34	15.23	19.37	18.67	25.88	27.46
IIT FUND						
Total Net Assets.....	6,799,800	8,651,600	19,061,300	79,470,800	198,954,900	396,972,300
Net Asset Value per Unit	4.49	4.98	6.94	7.18	9.56	10.80
REGENT FUND LTD.						
Total Net Assets.....	214,800	303,700	2,146,900	7,869,300	27,402,600	51,278,300
Net Asset Value per Share	5.89	6.95	8.18	7.75	10.52	11.31
FONDITALIA						
Total Net Assets.....	—	—	—	—	1,380,600	40,329,900
Net Asset Value per Unit	—	—	—	—	10.79	12.05

MANAGED FUNDS, AS A GROUP						
Total Net Assets.....	35,299,700	128,344,700	361,006,400	544,483,900	890,328,900	1,285,218,400
Number of Programme Accounts.....	13,822	30,880	74,200	145,800	231,969	331,772

NOTES: 1. Total Net Assets are shown to the nearest one hundred dollars.
2. Net Asset Value per Share and Net Asset Value per Unit are shown to the nearest cent.

Accountants' Report

To the Directors:

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED

Certain of the above statistics have been obtained from the financial statements of the respective companies for the five years ended December 31, 1967, on which statements we have previously reported as auditors. In our opinion, except for the information with respect to the periods ended September 30, 1968 and to the number of programme accounts which we have not audited and as to which we express no opinion, the above statistical information is presented fairly.

Zurich, Switzerland
December 27, 1968

(Signed) ARTHUR ANDERSEN & Co.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

BALANCE SHEETS—SEPTEMBER 30, 1968

ASSETS

	Investors Overseas Services Management Limited and Subsidiaries	Fonditalia Management Company S.A.	Pro Forma Consolidated (Note 6)
Cash—			
In an affiliated bank.....	\$ 742,564	\$150,251	\$ 892,815
In short-term time deposits.....	1,608,750	—	1,608,750
	<u>\$2,351,314</u>	<u>\$150,251</u>	<u>\$2,501,565</u>
Receivables—			
I.O.S., Ltd. (S.A.).....	\$ 9,548	\$ 85,825	\$ 95,373
Management fees.....	19,148	33,259	52,407
Interest.....	16,888	—	16,888
	<u>\$ 45,584</u>	<u>\$119,084</u>	<u>\$ 164,668</u>
Investment in The Fund of Funds, Limited	\$ 15,399	\$ —	\$ 15,399
	<u>\$2,412,297</u>	<u>\$269,335</u>	<u>\$2,681,632</u>

LIABILITIES

Dividends payable (Note 2).....	\$1,350,000		\$1,350,000
Interest payable.....	3,997		3,997
Registrar and transfer fees payable.....	1,507		1,507
	<u>\$1,355,504</u>		<u>\$1,355,504</u>
5% unsecured convertible debentures due March 15, 1972 (Note 3).....	300,000		300,000
	<u>\$1,655,504</u>		<u>\$1,655,504</u>

SHAREHOLDERS' INVESTMENT

Capital stock—			
Investors Overseas Services Management Limited			
Authorized—			
5,000,000 shares with a par value of 20¢ each			
Issued—			
3,000,000 shares (historical), 3,200,000 shares (pro-forma).....	\$ 600,000	\$ —	\$ 640,000
Fonditalia Management Company S.A.			
Authorized and issued—			
5,000 shares with a par value of Lux. Francs 1,000 each.....	—	107,250	—
Contributed surplus.....	156,793	—	386,128
Retained earnings.....	—	162,085	—
	<u>\$ 756,793</u>	<u>\$269,335</u>	<u>\$1,026,128</u>
	<u>\$2,412,297</u>		<u>\$2,681,632</u>

The notes on pages 25 and 26 hereof form an integral part of the above balance sheets and should be read in conjunction therewith.

Approved on behalf of the Board:

(Signed) R. J. PINCHIN, Director

(Signed) M. J. HOWE, Director

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

STATEMENTS OF INCOME, RETAINED EARNINGS AND CONTRIBUTED SURPLUS

For the Seven Months Ended September 30, 1968

	Investors Overseas Services Management Limited and Subsidiaries	Fonditalia Management Company S.A.	Statement of Combined Income (Note 7)
INCOME:			
Mutual fund management fees (Note 4) ..	\$3,902,899	\$150,406	\$4,053,305
Interest, etc.....	19,236	4,298	23,534
	<u>\$3,922,135</u>	<u>\$154,704</u>	<u>\$4,076,839</u>
EXPENSES:		(Note)	
Service fees to I.O.S., Ltd. (S.A.) (Note 5)	\$ 810,058	\$ —	\$ 810,058
Non-resident taxes withheld on manage- ment fees.....	17,072	—	17,072
Registrar and transfer fees.....	14,879	—	14,879
Interest on convertible debentures.....	9,141	—	9,141
Printing.....	6,844	—	6,844
	<u>\$ 857,994</u>	<u>\$ —</u>	<u>\$ 857,994</u>
NET INCOME, for the seven months ended September 30, 1968.....	\$3,064,141	\$154,704	<u>\$3,218,845</u>
RETAINED EARNINGS, as of February 29, 1968	—	7,381	
Less—Dividends paid to shareholders....	(3,150,000)	—	
	<u>\$ (85,859)</u>	—	
Amount transferred to contributed surplus	<u>85,859</u>	<u>—</u>	
RETAINED EARNINGS, as of September 30, 1968.....	<u>\$ —</u>	<u>\$162,085</u>	
CONTRIBUTED SURPLUS, as of February 29, 1968.....	\$ —		
Contribution upon issuance of 600,000 shares of capital stock.....	242,652		
Less—Amount transferred from retained earnings.....	<u>(85,859)</u>		
CONTRIBUTED SURPLUS, as of September 30, 1968.....	<u>\$ 156,793</u>		

NOTE: I.O.S., Ltd. (S.A.) has borne the expenses and provided certain services on behalf of Fonditalia Management Company S.A., without remuneration. In the opinion of the Company's management the corresponding expenses which otherwise would have been charged to the Company, would have been approximately \$50,000 for the seven months ended September 30, 1968.

The notes on pages 25 and 26 form an integral part of the above statements and should be read in conjunction therewith.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements September 30, 1968

1. Consolidation Principles, Etc.

The consolidated financial statements include the accounts of the Company and its three wholly-owned subsidiaries—FOF Management Company Limited, IIT Management Company, S.A. and Canadian Fund Management Company Limited.

The financial records of the Company and its subsidiaries are maintained in terms of U.S. dollars. Conversion to Canadian dollars was effected on the basis of \$1.00 U.S. being the equivalent of \$1.0725 Canadian except for:

- (a) Dividends paid or payable (expressed in terms of actual Canadian dollars declared by the Board of Directors),
- (b) Capital stock, 5% convertible debentures and investment in The Fund of Funds, Limited (converted at \$1.08125—the historical rate).

The Company controls The Fund of Funds, Limited by virtue of its ownership of 650 common shares representing 65% of the voting shares. However, the non-voting Class A shares of The Fund of Funds, Limited rank *pari passu* with the voting shares. Accordingly, the interest of the Company in the net equity of The Fund of Funds, Limited is not material and the accounts of that subsidiary have not been consolidated with those of the Company.

2. Dividends Payable

The Directors have declared a dividend of 45¢ per share payable on October 15, 1968 to shareholders of record at the close of business on September 30, 1968.

3. Debentures

These Debentures are one of a series designated 5% Convertible Debentures issued and to be issued under a trust indenture between the Company and Investors Overseas Bank Limited (a wholly-owned subsidiary of I.O.S., Ltd. (S.A.)) as trustee. The aggregate principal amount of Convertible Debentures which may be issued under the trust indenture is \$1,000,000. Under certain conditions, as set forth in the trust indenture, Convertible Debenture holders may convert each \$1.00 principal amount of such Debentures into one share of the Company without adjustment for interest accrued on the Debentures or for dividends on the shares issuable upon such conversion. A cash payment of \$12.50 is required from the Convertible Debenture holder for each \$1.00 principal amount so converted. The Company has reserved 300,000 shares of its unissued capital stock for possible issuance upon conversion of these Convertible Debentures.

4. Mutual Fund Management Fees

The management fees are based upon a stipulated percentage of the average net assets of the mutual funds managed.

5. Service Fees to I.O.S., Ltd. (S.A.)

Under an agreement dated February 28, 1968, the Company has agreed to pay an annual fee to I.O.S., Ltd. (S.A.) in consideration of which I.O.S., Ltd. (S.A.) has agreed to bear all expenses incurred by the Company and its subsidiaries (with certain exceptions) and has also agreed to provide office space, accounting and administrative staff, and statistical facilities required by the Company and its subsidiaries for the period from March 1, 1968 to December 31, 1977 and thereafter from year to year unless terminated on 6 months notice.

The annual fee is \$1,400,000 and shall be increased to \$1,500,000 if the net asset value of the fund presently managed by Canadian Fund Management Company Limited was \$50,000,000 at December 31 of the previous year. The fee shall also be increased, in the event that the Company acquires any additional subsidiaries, to an amount to be agreed upon by the parties. The agreement also provides for a reduction in the annual fee if the aggregate of the net asset values of all funds managed by the Company and its subsidiaries is less than \$600,000,000 at December 31 of the previous year.

6. Subsequent Events and Pro Forma Transaction

On November 19, 1968 the Company acquired all the issued and outstanding shares of Fonditalia Management Company S.A. from IOS Development Company Limited (a wholly-owned subsidiary of I.O.S., Ltd. (S.A.)) for a consideration of 200,000 shares of the capital stock of the Company.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

The pro forma consolidated balance sheet as of September 30, 1968 is after giving effect to this subsequent acquisition. The directors of the Company have declared a dividend of 60¢ per share payable on January 20, 1969 to shareholders of record on December 31, 1968.

7. Statement of Combined Income

The accompanying statement of combined income for the seven months ended September 30, 1968 has been prepared by combining the statements of income for the same period of the Company and its subsidiaries, and Fonditalia Management Company S.A., to show the net income that would have accrued to the Company if Fonditalia Management Company S.A. had been acquired as of February 29, 1968 (the date that the Company commenced operations).

Accountants' Report

To the Directors of

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED:

We have examined the consolidated balance sheet of INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED (an Ontario, Canada corporation) and SUBSIDIARIES as of September 30, 1968, and the related consolidated statements of income, retained earnings and contributed surplus for the seven months then ended. We have also examined the balance sheet of FONDITALIA MANAGEMENT COMPANY S.A., (a Luxembourg corporation), as of September 30, 1968, and the related statements of income and retained earnings for the seven months then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying consolidated balance sheet and consolidated statements of income, retained earnings and contributed surplus present fairly the financial position of Investors Overseas Services Management Limited and Subsidiaries as of September 30, 1968, and the results of their operations for the seven months then ended;
 - (b) The accompanying balance sheet and statements of income and retained earnings present fairly the financial position of Fonditalia Management Company S.A. as of September 30, 1968, and the results of its operations for the seven months then ended;
- all in accordance with generally accepted accounting principles.

With respect to the pro forma consolidated balance sheet as of September 30, 1968, we have reviewed the entry giving effect to the transaction described in Note 6 of the Notes to Financial Statements and, in our opinion, subject to the consummation of the proposed transaction, such entry has been properly applied to the actual consolidated balance sheet of Investors Overseas Services Management Limited and Subsidiaries as of September 30, 1968, to reflect that transaction.

Also, in our opinion, the statement of combined income of Investors Overseas Services Management Limited and Subsidiaries and Fonditalia Management Company S.A. presents fairly the combined results of operations of these companies for the seven months ended September 30, 1968 on the basis set forth in Note 7 of the Notes to Financial Statements.

Zurich, Switzerland
December 27, 1968

(Signed) ARTHUR ANDERSEN & Co.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

**IIT MANAGEMENT COMPANY, S.A.
I.O.S. MANAGEMENT COMPANY, LIMITED
FOF MANAGEMENT COMPANY LIMITED (Note 1)
REGENT FUND ADVISERS (1963) LTD.
FONDITALIA MANAGEMENT COMPANY S.A. (Note 2)**

Statements of Combined Income and Retained Earnings (Note 2)

	Two Months Ended February 29,		Year Ended December 31,			
	1968	1967 (unaudited)	1967	1966	1965	1964 1963
INCOME:						
Mutual fund management fees—						
Note 3.....	\$ 908,572	\$ 563,142	\$4,206,700	\$2,620,931	\$1,209,248	\$415,406
Research fees.....	—	—	—	34,878	30,000	243,551
Interest.....	—	—	1,426	1,009	509	1,267
	<u>\$ 908,572</u>	<u>\$ 563,142</u>	<u>\$4,208,126</u>	<u>\$2,656,818</u>	<u>\$1,239,757</u>	<u>\$660,224</u>
						<u>\$116,390</u>
						<u>78,762</u>
						<u>430</u>
						<u>\$195,582</u>
EXPENSES:						
Service fees paid to I.O.S., Ltd. (S.A.)—Note 4.....	\$ 214,914	\$ 214,507	\$1,287,006	\$1,010,866	\$ 971,488	\$ —
Advisory and professional services	3,000	1,000	11,681	17,160	84,178	26,258
Amortization of organization ex- penses.....	—	2,228	13,210	17,805	17,768	17,766
Administrative and miscellaneous expenses.....	7,896	6,263	43,394	21,000	29,751	4,938
	<u>\$ 225,810</u>	<u>\$ 223,998</u>	<u>\$1,355,291</u>	<u>\$1,066,831</u>	<u>\$1,103,185</u>	<u>\$ 48,962</u>
	<u>\$ 682,762</u>	<u>\$ 339,144</u>	<u>\$2,852,835</u>	<u>\$1,589,987</u>	<u>\$ 136,572</u>	<u>\$611,262</u>
						<u>\$145,429</u>
NET INCOME.....						
RETAINED EARNINGS, beginning of period.....	\$3,335,932	\$1,705,753	\$1,705,753	\$ 115,766	\$ (16,180)	\$155,612
<i>Add:</i> Net income for the period..	682,762	339,144	2,852,835	1,589,987	136,572	611,262
<i>Less:</i> Transfer to legal reserve....	—	—	—	—	(4,626)	(5,513)
Dividends paid to I.O.S., Ltd. (S.A.).....	—	—	(1,222,656)	—	—	(777,541)
	<u>\$4,018,694</u>	<u>\$2,044,897</u>	<u>\$3,335,932</u>	<u>\$1,705,753</u>	<u>\$ 115,766</u>	<u>\$(16,180)</u>
						<u>\$155,612</u>
RETAINED EARNINGS, end of period..						

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

**IIT MANAGEMENT COMPANY, S.A.
I.O.S. MANAGEMENT COMPANY, LIMITED
FOF MANAGEMENT COMPANY LIMITED
REGENT FUND ADVISERS (1963) LTD.
FONDITALIA MANAGEMENT COMPANY S.A.**

Notes to Statements of Combined Income and Retained Earnings

- (1) On January 1, 1968, FOF Management Company Limited became the manager of The Fund of Funds, Limited providing the same services, etc. which had been provided by I.O.S. Management Company, Limited for the prior five years. Accordingly, the statements of income and retained earnings have been presented on a continuing basis for the periods.
- (2) These statements of combined income and retained earnings reflect the combined results of the operations of certain companies for the five years and two months prior to the acquisition (on February 29, 1968) of these same operations by Investors Overseas Services Management Limited. The results of operations of Fonditalia Management Company S.A. (acquired by the Company in November 1968) are also included in these combined statements for the periods from August 11, 1967 (date of inception of Fonditalia Management Company S.A.) to December 31, 1967 and for the two months ended February 29, 1968.
- (3) The management fees for each period are based upon a stipulated percentage of the average net assets of the mutual funds managed.
- (4) Service fees were paid to I.O.S., Ltd. (S.A.) in consideration of the services rendered and expenses borne by I.O.S., Ltd. (S.A.) on behalf of IIT Management Company, S.A. and I.O.S. Management Company, Limited. Such fees were based on agreements between the companies. No service fees were charged by I.O.S., Ltd. (S.A.) during the years 1964 and 1963. In the opinion of Management, the corresponding fees for services rendered and expenses borne by I.O.S., Ltd. (S.A.) on behalf of the two companies during these years would have been approximately \$739,965 and \$514,800, respectively.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

Accountants' Report

To the Directors of

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED:

We have examined the statements of combined income and retained earnings of:

IIT Management Company, S.A. for the five years ended December 31, 1967 and the two months ended February 29, 1968;

I.O.S. Management Company, Limited for the five years ended December 31, 1967;

FOF Management Company Limited for the two months ended February 29, 1968;

Regent Fund Advisers (1963) Ltd. for the five years ended December 31, 1967 and the two months ended February 29, 1968; and

Fonditalia Management Company S.A. for the period from August 11, 1967 (date of inception) to December 31, 1967 and the two months ended February 29, 1968.

Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the foregoing combined financial statements present fairly the results of operations of:

IIT Management Company, S.A. for the five years ended December 31, 1967 and the two months ended February 29, 1968;

I.O.S. Management Company, Limited for the five years ended December 31, 1967;

FOF Management Company Limited for the two months ended February 29, 1968;

Regent Fund Advisers (1963) Ltd. for the five years ended December 31, 1967 and the two months ended February 29, 1968; and

Fonditalia Management Company S.A. for the period from August 11, 1967 (date of inception) to December 31, 1967 and the two months ended February 29, 1968;

all in accordance with generally accepted accounting principles applied on a consistent basis.

Zurich, Switzerland
December 27, 1968

(Signed) ARTHUR ANDERSEN & Co.

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

Certificate of the Company

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder.

Dated: December 27, 1968.

(Signed) C. HENRY BUHL, III
President and Chief Executive Officer

(Signed) NORMAN ROLNICK
Treasurer and Chief Financial Officer

(Signed) EDWARD M. COWETT
Director, on behalf of the Board of Directors

(Signed) EDWARD J. COUGHLIN, JR.
Director, on behalf of the Board of Directors

I.O.S., LTD. (S.A.)
by its agent (Signed) G. S. BENNETT

Certificate of the Underwriters

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the regulations thereunder.

Dated: December 27, 1968.

J. H. CRANG & Co.
by (Signed) M. J. HOWE

The following includes the names of the partners of J. H. Crang & Co.: James Harold Crang, Eric Duff Scott, Dennis A. FitzGerald, Murray Joseph Howe, David M. Dunlap, Paul Robert, Fred Vernon McCann, Owen Anthony Haig Sims, James William Bradshaw and G. C. Donley (limited partner).

All dollar figures herein, unless otherwise indicated, are in Canadian dollars.

APPENDIX

to the Prospectus of

INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED

I.O.S., Ltd. (S.A.)

I.O.S., Ltd. (S.A.) is the parent company of more than 80 subsidiary companies constituting an international complex which is one of the world's largest financial service organizations. In addition to the management of mutual funds and distribution of mutual fund shares through subsidiary companies described in the foregoing prospectus, I.O.S., Ltd. (S.A.) controls and makes available to the public one of the widest ranges of financial services offered through any single corporate structure.

The principal operating subsidiaries of I.O.S., Ltd. (S.A.), grouped by function, are as follows:

- (a) INVESTORS OVERSEAS SERVICES, LIMITED, the principal sales company, either directly or through subsidiary companies distributes shares of The Fund of Funds, Limited, IIT Fund and Fonditalia in over 120 countries (not including Canada or the United States) and through its subsidiary, I.O.S. of Canada, Ltd., distributes shares of Regent Fund Ltd. in Canada. I.O.S., Ltd. (S.A.) also owns directly approximately eighty-one percent (81%) of Investors Planning Corporation of America, a mutual fund distribution company operating in ten states of the United States, the District of Columbia, Puerto Rico and on U.S. military installations and with U.S. military and civilian personnel outside the United States. Investors Planning Corporation of America, one of the six largest U.S. mutual funds sales organizations, does not engage in offerings or sales of The Fund of Funds, Limited, IIT Fund, Fonditalia or Regent Fund Ltd. and is the only subsidiary of I.O.S., Ltd. (S.A.) which offers or sells securities to U.S. citizens or residents. Pursuant to the IOS-SEC Settlement (see "IOS—United States Securities and Exchange Commission Settlement" below), the interest of I.O.S., Ltd. (S.A.) in Investors Planning Corporation of America will be sold or otherwise disposed of by I.O.S., Ltd. (S.A.) within the next few months;
- (b) INTERNATIONAL LIFE INSURANCE COMPANY S.A., the principal insurance company, is the parent of three insurance companies having aggregate assets in excess of \$100,000,000 (U.S.) and policies in force in excess of \$750,000,000 (U.S.). I.O.S., Ltd. (S.A.) owns an eighty percent (80%) interest in International Life Insurance Company S.A. and I.O.S., Ltd. (S.A.) also owns, other than through International Life Insurance Company S.A., approximately seventy percent (70%) of Pension Life Insurance Company of America (aggregate assets, approximately \$2,000,000 (U.S.), policies in force, approximately \$100,000,000 (U.S.)). Contemporaneously with the sale of its interest in Investors Planning Corporation of America, I.O.S., Ltd. (S.A.) will dispose of its interest in Pension Life Insurance Company of America;
- (c) IOS FINANCIAL HOLDINGS LIMITED is a holding company which owns all the issued shares of four banking and three financial companies having total assets in excess of \$50,000,000 (U.S.). The principal subsidiary bank is Overseas Development Bank, Geneva, with total assets as of September 30, 1968 of approximately Sw. Fr. 200,000,000. I.O.S., Ltd. (S.A.) also owns directly all the issued shares of Investors Overseas Bank, Limited, a private bank with assets in excess of \$10,000,000 (U.S.);
- (d) IOS DEVELOPMENT COMPANY LIMITED is engaged in the business of organizing and managing, both directly and through a series of subsidiaries, mutual funds or equivalent investment vehicles, each of which invests a significant portion of its assets in securities issued by companies organized or doing business in particular countries or regions. To date three such "local" funds have become operative. The Fund of Funds Sterling Limited, with net assets of approximately £17,000,000 (Sterling), invests in U.K. and other sterling area securities. Fonditalia is described on page 15 of the foregoing prospectus. Investors Fonds, with net assets of approximately

\$12,000,000 (U.S.), invests up to fifty percent (50%) of its assets in West German securities and the remainder on a broad international basis. It is contemplated that additional "local" funds will be organized and become operative within the next year in such places as Spain and Venezuela;

- (e) INVESTORS DEVELOPMENT CORPORATION LIMITED, doing business under the trade name of INDEVCO, is engaged both directly and through subsidiary companies in a wide variety of real estate activities, including investing in, managing, developing and selling real estate.

In addition to the principal operating subsidiaries described above, I.O.S., Ltd. (S.A.), through various other wholly owned subsidiaries, is engaged, among other things, in the publication of an English language weekly newspaper in Geneva, the publication and sale of an investment advisory service to private subscribers and the development and operation of a wide variety of computer programs.

In all, I.O.S., Ltd. (S.A.) and subsidiaries employ more than 3,500 executives and administrative personnel to service the more than 7,500 active sales representatives and the more than 500,000 fund investors, bank depositors and insurance policyholders.

IOS-United States Securities and Exchange Commission Settlement

Robert J. Haft, United States counsel to I.O.S., Ltd. (S.A.), represented I.O.S., Ltd. (S.A.) and its subsidiaries in negotiating the Offer of Settlement referred to below and, in his opinion, the following information fairly and concisely sets out the nature of the proceedings leading up to such settlement:

In May of 1965, the United States Securities and Exchange Commission (the "SEC") instituted a private investigation of the affairs and activities of I.O.S., Ltd. (S.A.) and its subsidiaries (collectively referred to as "IOS"). In the following several months, the SEC requested, and IOS supplied, thousands of documents and exhibits, setting forth detailed information concerning the affairs and activities of IOS. In the course of its private investigation, the SEC demanded that IOS provide to the SEC a full listing of investors in The Fund of Funds, Limited and IIT Fund, together with a detailing of their individual accounts. IOS refused to comply with such demand, contending that the SEC lacked jurisdiction over the sale of securities occurring wholly outside the United States and contending further that IOS was precluded from giving such information by custom and applicable laws requiring that such information be kept in the strictest confidence.

In December of 1965, IOS (and the then manager of its Puerto Rican sales operations) brought suit against the SEC in the United States District Court for the District of Puerto Rico, alleging a lack of jurisdiction on the part of the SEC and seeking a Declaratory Judgment that IOS be permitted to withdraw from registration as a broker-dealer under the Securities Exchange Act of 1934. (Such registration had been effected by I.O.S., Ltd. (S.A.) "under protest" in 1960.) In addition, a preliminary injunction was sought from the Court against any continuation of the SEC's private investigation pending a final determination of the issues before the Court.

In February of 1966, the SEC issued an Order for public hearings. In such Order allegations were made concerning alleged violations of provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Company Act of 1940 by IOS and six individuals associated with IOS. The public hearings called for a presentation of evidence concerning such alleged violations and a determination as to whether a revocation of the broker-dealer registration of I.O.S., Ltd. (S.A.) was "in the public interest".

The preliminary injunction requested by IOS against the SEC was denied by the Federal District Court and an appeal from such denial was filed with the United States Court of Appeals for the First Circuit.

While such appeal was pending, before any trial of the issues involved in the suit by IOS against the SEC and before any public hearings were held pursuant to the SEC Order, and after months of protracted negotiations and discussions between representatives of IOS and the staff of the SEC, IOS submitted an Offer of Settlement to the SEC and the SEC issued (on May 23, 1967) an Order accepting such Offer of Settlement.

The SEC Order of Settlement contained no findings of violations of law. Pursuant to the Offer and Order of Settlement, (a) I.O.S., Ltd. (S.A.) was permitted to withdraw its registration as a broker-dealer, (b) IOS agreed that it would not engage thereafter in the offering and sale of securities to U.S. citizens or residents, wherever located, (c) IOS agreed to dispose of its entire interest in Investors Planning Corporation of America, on a basis acceptable to the SEC, by the end of 1968, (d) IOS agreed to refrain from future activities falling within the jurisdiction of the SEC, (e) IOS agreed to cause the future investments of The Fund of Funds, Limited in securities of U.S. investment companies to come within such percentage limitations as are applicable to U.S. investment companies seeking to make such investments and (f) IOS agreed to take a series of steps intended to secure compliance with the terms of Settlement and to accomplish a severance of U.S. jurisdictional activities by IOS without undue hardship to U.S. citizen and resident investors with IOS.

The IOS-SEC Settlement became effective June 5, 1967.

Copies of the Order Accepting the Offer of Settlement (Securities and Exchange Act Releases No. 8083—May 23, 1967) may be inspected at the head office of Investors Overseas Services Management Limited, 425 University Avenue, Toronto, Ontario and at the principal offices of I.O.S., Ltd. (S.A.), 119 rue de Lausanne, Geneva, Switzerland.

Pursuant to a resolution duly passed by its Board of Directors the applicant Company hereby applies for listing the above-mentioned securities on The Toronto Stock Exchange and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



INVESTORS OVERSEAS SERVICES MANAGEMENT LIMITED

By "EDWARD M. COWETT"
By "ALLAN F. CONWILL"

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

J. H. CRANG & CO.

By "M. J. HOWE"

DISTRIBUTION OF CAPITAL STOCK AS OF FEBRUARY 14th, 1969

Number						Shares
106	106	106	106	106	106	106
222	222	222	222	222	222	222
87	87	87	87	87	87	87
27	27	27	27	27	27	27
11	11	11	11	11	11	11
8	8	8	8	8	8	8
27	27	27	27	27	27	27
55	55	55	55	55	55	55
543	543	543	543	543	543	543
	Shareholders				Total shares	2,836,910

The holders of an aggregate of 363,090 shares hold bearer share warrants and it is not possible to determine the number of persons holding such bearer share warrants or the number of shares held by each of such persons.

